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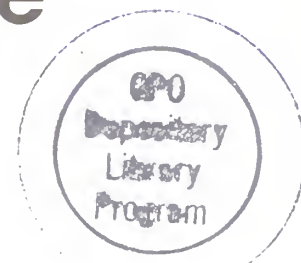
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Circular Series

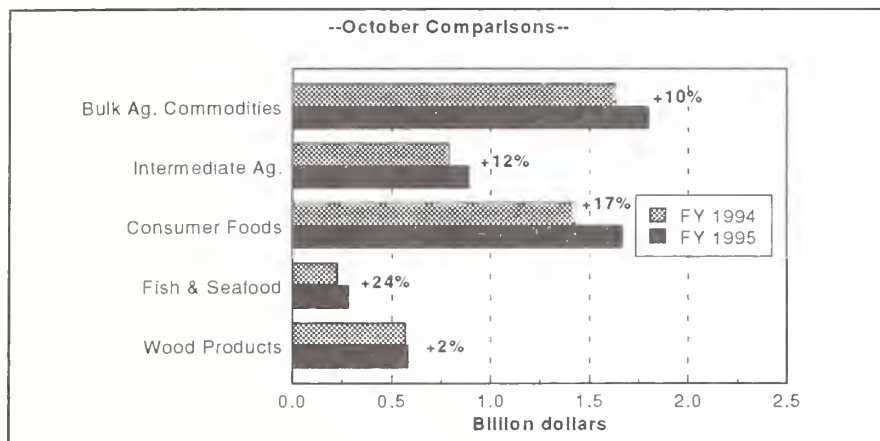
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January 1995

Agricultural Trade Highlights



Exports Up 12 Percent in October

Ag, Fish & Forest Products Record Highest Monthly Level Ever



October trade statistics released on December 20 by the Commerce Department placed the value of U.S. *agricultural, fish, and forest product* exports for the first month of fiscal year 1995 at \$5.2 billion, a 12 percent increase over year-ago levels and the highest monthly level on record. Agricultural exports alone totaled \$4.3 billion, up 13 percent with exports of bulk, intermediate, and consumer-oriented products all registering gains. Fish and forest product exports totaled \$870 million in October, up 8 percent from the same month last year.

At \$1.8 billion, U.S. exports of *bulk commodities* increased 10 percent from October last year. Sharp increases in soybeans and rice, as well as moderate increases in cotton and pulses more than offset a 9-percent decrease in coarse grain shipments. In fiscal year 1995, bulk exports are projected at \$19 billion, up 6 percent from fiscal year 1994.

U.S. exports of *intermediate products* reached \$892 million in October, up 12 percent from the same month last year. Export gains in hides and skins, live animals, and planting seeds accounted for most of the growth. Exports of

these products more than compensated for a \$20 million decline in soybean meal exports. Fiscal year 1995 exports are forecast at \$9.2 billion, down slightly from the record set in fiscal year 1994.

U.S. exports of *consumer-oriented products* totaled \$1.7 billion in October, 17 percent ahead of levels during the same month last year. Double-digit increases were registered in 11 of 16 product categories, including red meats, poultry meat, eggs and products, processed fruit and vegetables, fresh fruit, fresh vegetables, juices, wine and beer, nursery products, and pet foods. The projection for fiscal year 1995 shows consumer-oriented products gaining \$600 million to reach \$16.8 billion, a new record high.

At \$284 million in October, edible *fish and seafood* exports increased 24 percent over the same month last year. Leading the growth were double digit increases in exports of canned salmon, crab meat, and lobster. USDA forecasts do not exist for fish and seafood exports.

U.S. *forest product* exports rose to \$586 million in October, up 2 percent from the previous year. Lumber and panel products led the growth in the category while exports of logs fell slightly. An unofficial FAS projection indicates that forest products will reach \$7.4 billion in fiscal year 1995, up \$500 million from the previous year.

Nine of the *top ten U.S. agricultural markets* recorded increases over October last year. Exports to Japan, Canada, Mexico, Taiwan, and Hong Kong continue to grow in the first month of fiscal year 1995 after reaching all-time highs in fiscal year 1994. The largest gains were made in Mexico, with exports rising \$147 million over the same month last year. Exports to China, Egypt, and Korea also grew while exports to the Russian Federation fell.

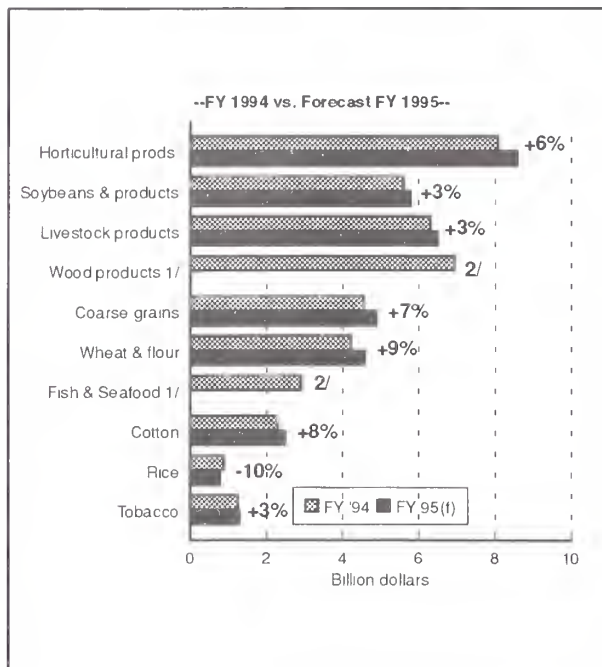
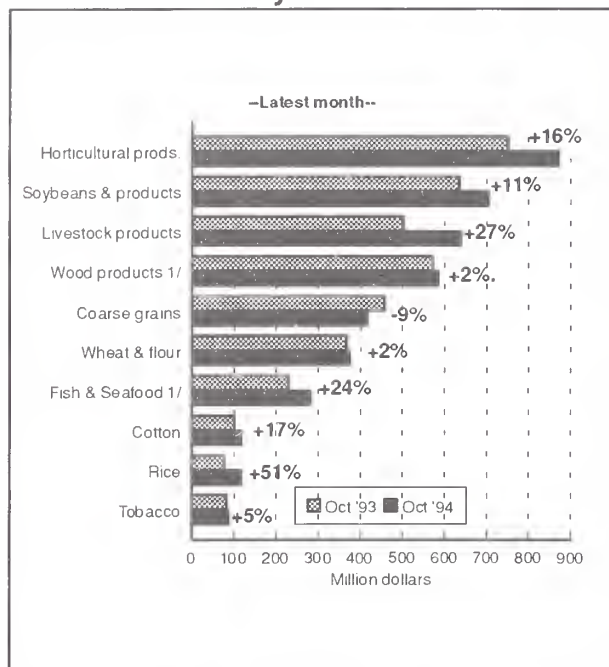
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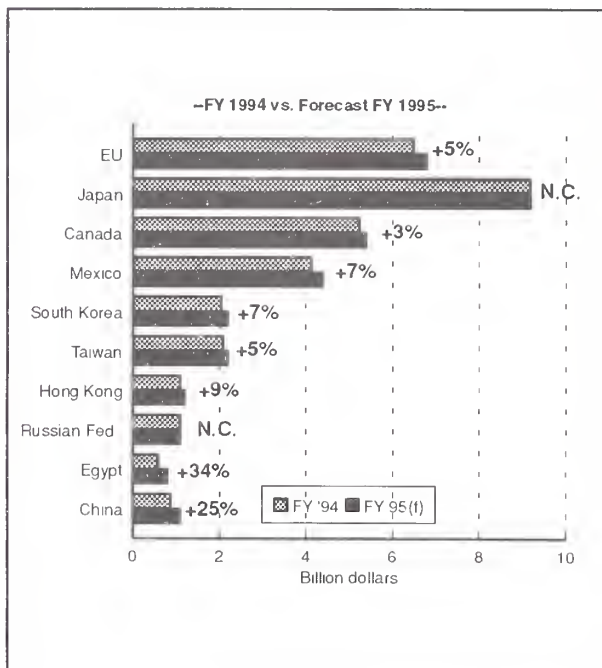
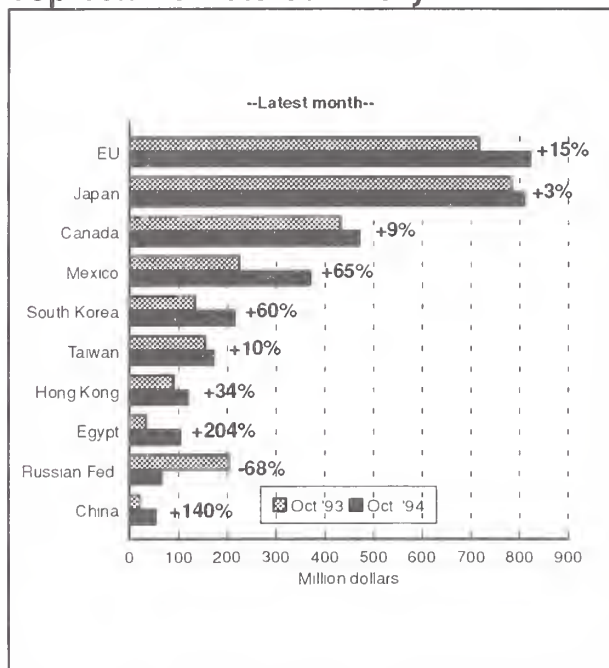
U.S. Agricultural Export Summaries

Fiscal Year and Latest Month Comparisons

Product Summary



Top Ten Markets Summary



Note: Percentages are computed as the change from a year ago.

1/ Not included in agricultural totals. 2/ Not Available

Consumer Food Highlights

At \$12 billion for the first ten months of 1994, U.S. consumer food exports were 12 percent ahead of last year's record-setting pace. The leading categories highlighted this month showing double-digit growth are snack foods, poultry meat, fresh fruit, tree nuts and pet foods.

Exports of *chilled and frozen red meats* totaled \$2.6 billion for the first ten months of 1994, 8 percent ahead of the same period last year. Japan continues as the major destination for three fifths of U.S. red meat exports. At the current pace, shipments to Japan could equal last year's record. Mexico continues as a high growth market with sales 52 percent higher than the same period last year. Sales to the fourth largest market, South Korea, are 44-percent higher than the last year. Strong sales growth has also been recorded for Taiwan, as well as Hong Kong, Indonesia, and the Philippines, which have already set new records.

Fresh fruit exports reached \$1.6 billion in the first ten months of 1994, with four of the top five markets reaching all-time highs or on pace to by year's end. Mexico has set a new record, approaching \$141 million in the first ten months. Apples continue to make a strong push into the Mexican market, increasing \$35 million over last year at this time. Exports to Taiwan have grown by 58 percent to an all-time high of \$155 million, also led by a \$22 million increase in apple exports. Japan and Hong Kong are on pace to exceed current records by the end of the year. Three of the ASEAN-4 countries, Malaysia, Indonesia, and the Philippines, have also set new records driven mainly by apples.

Sales of *processed fruit and vegetables* have increased slightly to \$1.4 billion in the first ten months of 1994. Japan continues to be the top market with \$369 million in exports so far this year. Japan remains on record setting pace with 15-percent growth, which has been broad based but led by an increased demand for frozen french fries. Canada and the EU, the other major markets, have declined slightly over last year. Exports to Mexico have already

surpassed last year's record, 41 percent ahead of last year at this time, reaching \$86 million so far. Frozen french fries, condiments, and raisins have led the growth. Bilateral trade agreements have fostered growth in the Korean market, which has also reached an all-time high of \$44 million already this year.

With two months remaining in 1994, U.S. *poultry products* have set a new record of \$1.2 billion in export sales. Strong sales to the Russian Federation have accounted for most of the 42-percent gain over the first ten months of the previous year. In addition, new records have also been established for Hong Kong, Poland, South Korea and Romania. Few U.S. consumer foods have benefited to the degree that poultry meat (mostly chicken quarters) has from economic collapse in Russia and Eastern Europe. The inefficiency of local industries, skyrocketing meat prices, and relatively open import regimes created an historical opportunity for U.S. suppliers.

Sales of *snack food* in the first ten months of 1994 reached \$893 million, 10 percent ahead of last year's record-setting pace. Already snack food sales have reached records in the EU, Japan, and the Asean-4. Mexico and Canada, the largest markets for U.S. snack foods, should set records by the year's end. Rising snack food sales are being led by a 41-percent rise in chip exports, which have set an annual record of \$198 million with ten month trade data. Chip sales have set records in Japan, the EU, Mexico, and Hong Kong.

Tree nut exports reached \$883 million during the first ten months of 1994, 16 percent over last year's record-setting pace. The dominant market continues to be the EU, where more than 50 percent of U.S. tree nuts are shipped. So far this year, tree nut shipments to

this market are up 30 percent, and sales have already reached a new annual record. Other high growth, record setting markets are Brazil and Malaysia with sales reaching \$5.6 million and \$4.2 million, respectively. Tree nut exports to Israel are close to topping 1992's record level, rising 55 percent to \$16.4 million so far this year.

Fresh vegetable exports totaled \$834 million for the first ten months of 1994, slightly ahead of last year's record-setting pace. Exports to Canada have fallen 13 percent from the previous year to \$528 million due to a weakening Canadian dollar and a slow economic recovery. Exports to Japan have amounted to \$153 million on the year, already shattering last year's record, with asparagus, broccoli, and cauliflower leading the growth. Mexican exports have grown by 23 percent over last year at this time, led by tomatoes, potatoes, and lettuce.

Exports of *pet foods* totaled \$469 million during the first ten months of 1994, or 16 percent above last year's record-setting pace. Sales to Mexico have already surpassed the previous all-time high, and new records for Canada, Japan, the EU and Taiwan are expected by year's end. Although secondary markets like Australia and Argentina are expanding rapidly, Mexico is this year's big story. With U.S. sales up 57 percent at \$25 million so far this year, Mexico is now the fourth largest market.

Exports of *prepared/preserved red meats* totaled \$198 million during the first ten months of 1994. This represented a 17-percent increase over the same period last year, which ended in record sales. Canada and Mexico are on pace to set new records in 1994. Sales to Japan have jumped to \$43 million, well ahead of last year's pace. Sales to the Russian Federation are up 360 percent over last year's pace at a record \$12 million.

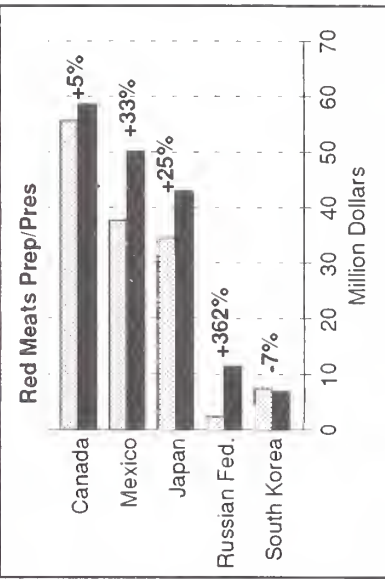
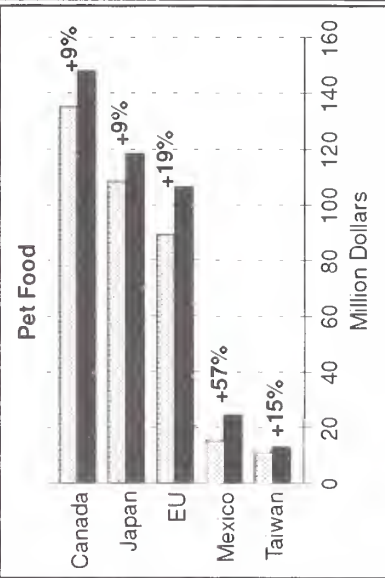
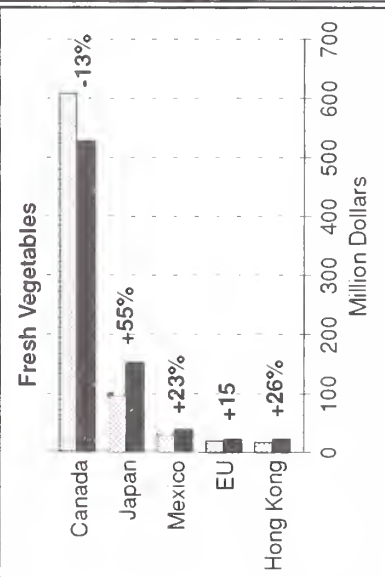
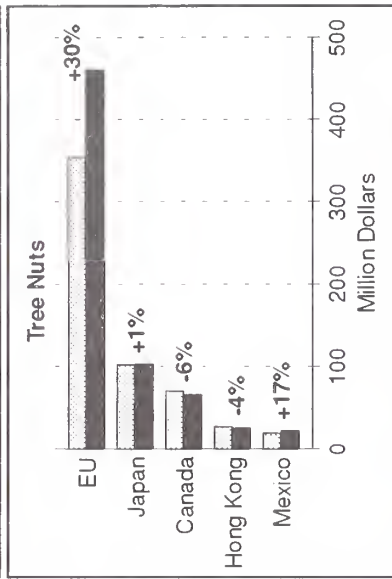
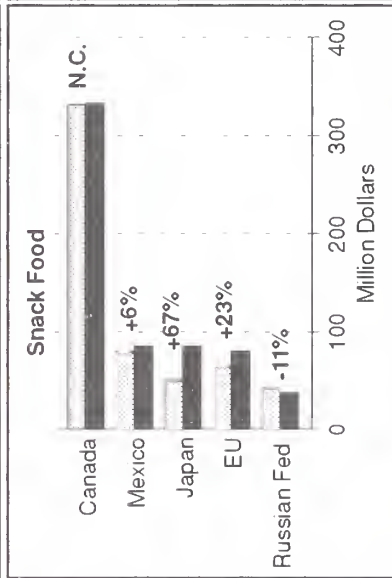
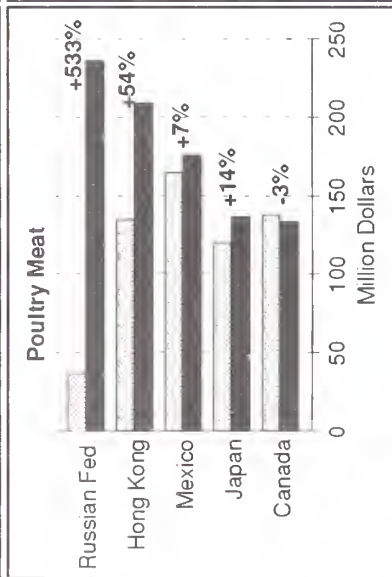
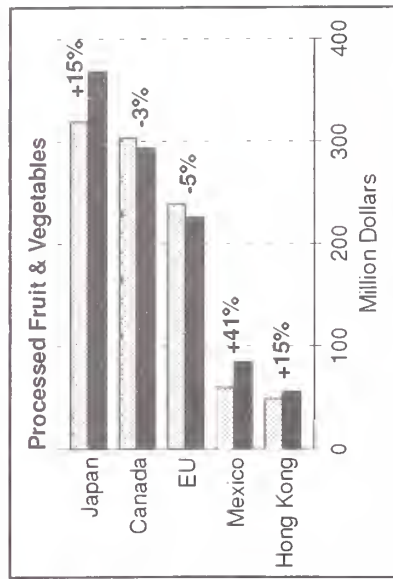
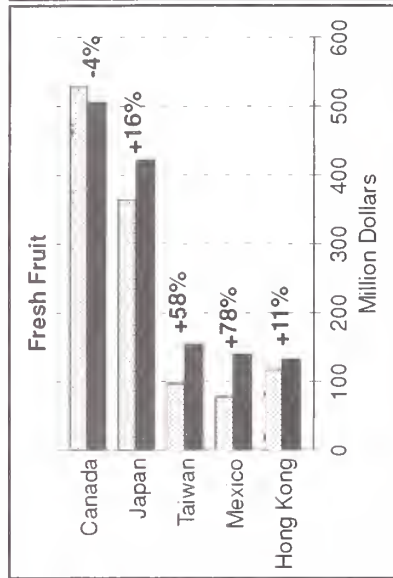
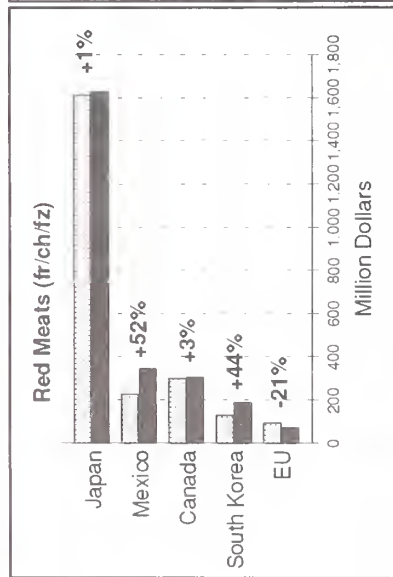
For more information, contact Robert Tse at (202) 720-1034.

Top Five Markets for Selected U.S. Consumer Foods

January Through October Comparisons

CY '93

CY '94



Percentages are computed as the change from 1993 to 1994. Countries are ranked from highest to lowest based on full CY 1993 exports.

Country Spotlight: Philippines

The Philippines appears poised to join the dynamic growth of its Pacific Rim neighbors after several decades of economic stagnation. The Philippines is the largest ASEAN market for U.S. agricultural exports with sales reaching \$478 million in 1993. U.S. exports of bulk, intermediate, and consumer-oriented goods have all risen during the past five years, and an increasing number of U.S. food products can be expected to join current export success stories by finding niches in the market's expanding retail sector.

By Carmi Lyon

Bullish investors expect the Philippine economy to be the next Asian tiger. After experiencing years of fluctuation and stagnation and negligible growth in the early '90's, the economy appears well-equipped for expansion. Economic activity in the first two quarters of 1994 escalated 5.4 percent over the previous year. Experts anticipate a five percent annual increase overall in GNP with similar growth projected for 1995.

The most significant restraint on economic performance in the past has been frequent power brownouts. President Fidel Ramos has moved quickly to abate this problem, by having new power stations installed on the island of Luzon to ensure continual power in Manila. Continuous power, a highly educated work force with 90 percent literacy, and the relatively

stable political situation of late have encouraged direct foreign investment and resulted in a growing economy. In addition, the Philippines has a growing middle and upper income population segment, which is currently 35 percent of the population and approximately 23 million people. The middle class represents an important market opportunity for U.S. exporters.

U.S. Top Exporter of Bulk Commodities

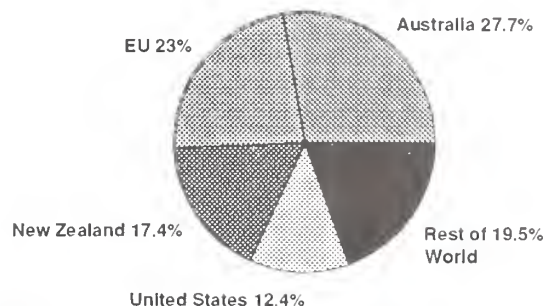
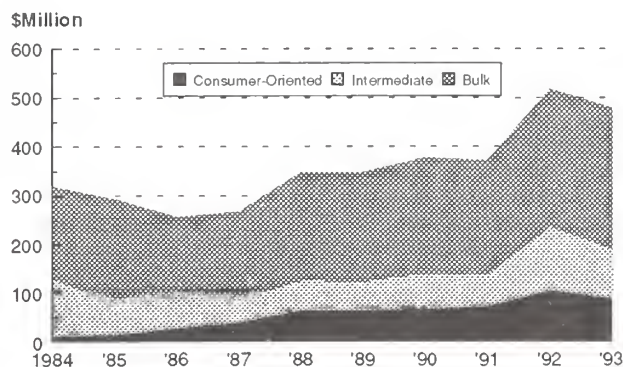
The United States dominates bulk grain sales to the Philippines, holding approximately 60 percent of the import market in 1993. Thailand was the next closest competitor, with a market share of less than 10 percent. U.S. bulk exports in the first ten months of 1994 have already set a new record,

surpassing the \$286 million record set in 1993 by almost \$10 million.

Wheat, mainly used in the baking and noodle industries, made up 78 percent of U.S. bulk product exports in 1993. Wheat is not indigenous to the Philippines, but it is growing in significance in the Philippine diet. Bulk wheat consumption has increased an average of 15 percent annually during the past five years. The United States supplies approximately 85 percent of total wheat imports. The Export Enhancement Program has been an important tool for maintaining U.S. market share. Wheat exports have already exceeded the all-time high set in 1993 by \$2 million and are on pace to reach \$274 million in 1994. Other major bulk commodity exports include cotton and tobacco.

U.S. intermediate product exports, made up primarily of soybean meal, fell 15 percent to \$102 million in 1993. Although the United States continues as the dominant supplier, lower soybean meal prices offered by Brazil and India have cut into the U.S. market share. A developing meat industry in the Philippines has resulted in all-time high sales of U.S. pre-mix for feed (\$6.3 million) as well as live animals (\$3.8 million). Exports of forest products have grown steadily over the past five years, reaching \$18.3 million in 1993. Environmental concerns over forest

U.S. Consumer Food Exports to the Philippines Growing in Importance *Fierce Competition from Australia and Europe*



Share of Philippine Import Market
Based on 1993 UN data

...Philippines

exploitation, especially low reforestation rates, have prompted logging bans and forced the Philippine forestry sector to contract by 49 percent in 1993 and 40 percent in 1992.

U.S. Consumer Food Sales Could Surpass \$100 Million

U.S. exports of consumer foods are on course to reach \$107 million in 1994, exceeding the 1992 record by \$3 million. Snack foods, fresh fruit, and processed fruits and vegetables comprise the major portion of the consumer foods category for U.S. exporters. In the first ten months of 1994, snack foods, red meats, and fresh fruits have already set new all-time highs. The U.S. market share has remained relatively constant at 12 percent over the past seven years. U.S. advantages in the consumer foods market include product variety, quality, and the Philippine preference for American foods. Trade liberalization under GATT will improve prospects for U.S. exports of poultry and pork.

The total import market for consumer foods has grown 16 percent annually over the past seven years, rising from \$230 million in 1987 to \$555 million in 1993. Competition from other areas of the Pacific Rim is fierce. Australia leads the consumer foods category with a 28 percent share, rising from 19 percent in 1987. The European Union has fallen from its position as the top consumer foods supplier in 1987 to second place with a 23-percent share in 1993. Most of the competition between these countries is in meat and dairy products. Australia benefits from geographic proximity while the European Union relies on production and export subsidies to be a low cost supplier.

Fast Food Growth Improves U.S. Export Potential

Many U.S. consumer products have found niches in the Philippine market because of a widespread interest in American foods that transcends income levels. Domestic imitations have joined franchises, such as McDonald's, KFC, Wendy's, and A&W, in expanding the fast food sector, making fast foods affordable to lower income consumers. According to *Far Eastern Economic Review*, a locally owned fast food chain has created a menu carrying lower prices and hamburgers designed specifically to satisfy Filipino tastes, while modeling their operations after McDonald's.

Growth in the category has been high, with 1993 average revenues increasing 37 percent over 1992. This has further improved prospects for U.S. exporters of consumer foods that supply inputs to these stores. U.S. french fries have been especially successful in fast food restaurants. Additionally, fast food chains have begun sourcing meats, vegetable proteins, and tomato products from abroad instead of relying on domestically produced inputs.

Supermarkets Attract Middle and Upper Class Consumers

Many middle and upper income consumers are abandoning shopping at traditional outdoor markets because of food safety concerns and shifting to supermarkets. In response, Western-style supermarkets have grown steadily. In the past three to five years, at least twenty new supermarkets have opened in Manila alone.

The development of supermarkets has created increased potential for sales of

canned fruits and vegetables, fruit juices, fresh fruits, and high-quality beef and beef products. Opportunities for growth in convenience food sales are increasing because of rising ownership of refrigerators and microwaves as well as the shift towards more working women. Nearly 40 percent of urban women work.

Currently, chilled and frozen food sales account for only 5 percent of food sales (compared to upwards of 40 percent in other countries in the region). Sales could improve as continuous power is assured and stores acquire in-store refrigeration. However, chilled and frozen food products will continue to be considered high-end products because prices remain high due to prohibitive tariffs in place by the Philippine government.

Filipinos are avid snack food consumers and are receptive to products new to the market, especially U.S. products. Snack foods are the top consumer-oriented food export from the United States, reaching a record \$28 million in 1993 and on pace to achieve \$36 million in 1994. Interest in U.S. snack foods (and U.S. foods in general) has been fostered by the many Filipinos who travel to or have relatives in the United States. Sales of Pringles potato chips have soared for this reason, despite the lack of advertising in the market.

In addition to the market opportunities in consumer-oriented food exports, foreign language labeling on food products is unnecessary because most Filipinos read English. Also, the Philippine government uses U.S. Food and Drug Administration (USFDA) guidelines as its main reference for policies pertaining to food additives, safety, and manufacturing. Products that meet USFDA regulations almost always satisfy Philippine requirements. These factors may lower exporting costs compared to other foreign markets.

The Philippines is hungry for U.S. agricultural exports. Giving Filipino consumers a taste of U.S. foods now will encourage them to come back for more.

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FAS Sponsors Food Show in Manila

The Great American Food Show will be held March 20-22, 1995 in Manila, Philippines. This will be the first show in the Philippines to feature exclusively U.S. food and beverage products. The event plans to attract 500 of the Philippines' key importers, wholesalers, caterers, retailers, and institutional food buyers. The show, sponsored by the FAS Trade Show Office, will consist of fifty booths featuring manufacturers, processors, and sellers of U.S. food products. For more information contact Sarah Hanson at (202) 720-9423 or fax at (202) 690-4374.

U.S. Exports of Agricultural, Fish & Wood Products to PHILIPPINES

Calendar Years 1989 to 1994 and Year-to-Date Comparisons

(Thousands of Dollars)

Product	Calendar Years					January–October		%
	1989	1990	1991	1992	1993	1993	1994	Chg
Bulk Agricultural Total	223,564	236,751	231,607	280,419	286,367	234,970	295,803 *	25.9%
Wheat	167,011	162,644	141,143	202,011	222,256	181,840	224,545 *	23.5%
Coarse Grains	960	4,811	42	3,417	780	749	119	-84.1%
Rice	666	44	23	148	250	250	25	-90.0%
Soybeans	5,385	0	9,149	9,225	12,840	12,840	13,186	2.7%
Cotton	26,235	41,204	47,217 *	42,086	31,598	23,836	40,863	72.9%
Tobacco	16,962	20,184	28,746	16,954	13,329	11,153	12,852	15.2%
Pulses	5,206	6,128	4,209	4,958	4,029	3,318	3,566	7.5%
Peanuts	130	203	62	101	139	115	184	60.0%
Other Bulk Commodities	1,007	1,532	1,015	1,516	1,147	1,069	464	-56.6%
Intermediate Agricultural Total	59,110	73,411	66,779	131,355 *	102,476	76,638	70,976	-7.4%
Wheat Flour	4,969	14	7	133	75	32	160	400.0%
Soybean Meal	15,466	43,533	32,925	94,910 *	67,313	47,458	39,359	-17.1%
Soybean Oil	2,191	242	2,038	1,022	100	77	197	155.8%
Other Vegetable Oils	606	451	889	864	1,005 *	910	384	-57.8%
Feeds & Fodders (excl pet foods)	2,308	2,312	4,485	6,076	6,383 *	5,775	5,105	-11.6%
Live Animals	2,129	2,115	1,743	3,227	3,805 *	3,267	3,327	1.8%
Hides & Skins	54	48	102	211	129	99	97	-2.0%
Animal Fats	1,602	2,499	1,850	2,866	3,285	2,940	2,210	-24.8%
Planting Seeds	1,366	1,135	1,326	1,685 *	1,578	1,467	1,454	-0.9%
Sugars, Sweeteners & Bever. Bases	11,282	4,777	1,406	2,386	1,990	1,675	1,370	-18.2%
Other Intermediate Products	17,137	16,286	20,009	17,975	16,813	12,939	17,313	33.8%
Consumer–Oriented Agricultural Total	65,249	67,696	72,672	104,713 *	88,765	72,809	88,015	20.9%
Snack Foods (excluding nuts)	17,318	18,420	16,032	27,598	28,156	24,354	31,471 *	29.2%
Breakfast Cereals & Pancake Mix	974	380	518	1,914 *	1,746	1,660	436	-73.7%
Red Meats, Chilled/Frozen	1,644	1,380	1,225	2,106	2,497	1,991	2,501 *	25.6%
Red Meats, Prepared/Preserved	597	600	839	1,468 *	761	468	1,332	184.6%
Poultry Meat	291	383	191	577 *	376	354	406	14.7%
Dairy Products	5,387	4,375	12,643	20,960	7,204	6,041	8,244	36.5%
Eggs & Products	98	114	85	225	41	36	54	50.0%
Fresh Fruit	14,102	10,060	10,277	14,175	15,083	9,362	15,178 *	62.1%
Fresh Vegetables	353 *	123	165	188	134	112	231	106.3%
Processed Fruit & Vegetables	12,014	14,882	17,327	21,092 *	17,760	14,678	17,919	22.1%
Fruit & Vegetable Juices	1,751	3,077 *	1,581	1,748	1,483	1,248	752	-39.7%
Tree Nuts	934	681	746	1,171	864	720	1,209	67.9%
Wine and Beer	596	496	650	297	500	423	324	-23.4%
Nursery Products & Cut Flowers	19	84	92	82	18	14	98	600.0%
Pet Foods, Dog/Cat	435	574	688	923 *	689	534	705	32.0%
Other Consumer–Oriented Products	8,737	12,066 *	9,613	10,189	11,453	10,814	7,157	-33.8%
Wood Products Total	4,312	17,507	6,758	11,092	23,038 *	21,255	9,704	-54.3%
Logs	70	53	238	412	1,125	1,110	2,100 *	89.2%
Lumber	1,143	1,009	869	990	2,686 *	2,203	2,519	14.3%
Plywood & Panel Products	1,602 *	626	336	297	845	554	1,093	97.3%
Other Wood Products	1,497	15,819	5,314	9,393	18,382 *	17,388	3,991	-77.0%
Fish & Seafood Products Total (Edible)	2,607	3,016	4,854 *	3,665	1,405	994	3,685	270.7%
Salmon, Whole/Eviscerated	0	0	0	0	8	8	12 *	50.0%
Salmon, Canned	12	15	20	10	25	25	20	-20.0%
Crab & Crabmeat	0	0	0	0	0	0	0	NA
Surimi (fish paste)	0	0	0	0	0	0	0	NA
Roe & Urchin	28	0	0	0	0	0	0	NA
Other Edible Fish & Seafood Products	2,568	3,001	4,835 *	3,655	1,372	961	3,653	280.1%
Agricultural Product Total	347,923	377,858	371,058	516,487 *	477,608	384,417	454,794	18.3%
Agricultural, Fish & Wood Product Total	354,842	398,381	382,670	531,244 *	502,051	406,666	468,183	15.1%

Note: (*) Highest export level since at least 1970.

Source: Trade & Marketing Analysis Branch, TEAD\ITP\FAS

Product Spotlight: Candy

The world candy market continues to expand, pulling U.S. exports to record highs. Boosted by soaring demand for new candies in developing countries, U.S. candy exports are expected to rise 6 percent in 1994 to a record \$530 million, doubling 1990 sales. Sales gains to East Asia and Central and South America will account for most of this growth. With rising incomes and expanding middle classes in emerging markets expected to continue, global demand for imported candy should continue higher as consumers look for new, higher quality, Western sweets. In fact, exports from the U.S. are forecast to approach \$1 billion by 2000.

By Michael Woolsey

The global candy store is stocking up on American brands, pushing U.S. exports over the half-billion dollar mark in 1994. This will mark the twelfth straight year of record sales. While both chocolate and non-chocolate candy exports have shown rapid growth, chocolate candies lead sales, accounting for almost three-fourths of the total. U.S. exporters report a wide range of products are achieving record exports, from niche items such as chocolate covered macadamia nuts and health-related candies to mass market brands, such as Snickers, Tootsie Roll, and Goldenberg peanut chews. Trade sources and FAS analysis of bill of lading data indicate M&M Mars is the

predominant U.S. candy exporter overseas, accounting for just over half of total volume. More than 500 manufacturers and brokers account for the remaining sales.

EU Largest Candy Exporter While U.S. Gains Share

The EU is the largest candy exporter globally, supplying 40 percent of total trade. Although U.S. shipments represent just 11 percent of the \$5 billion in world candy exports, this share is up from 5 percent in 1985. Gains in competitiveness of U.S. candy have been most dramatic in neighboring NAFTA markets and several markets in

Asia. The EU still dominates the candy trade throughout Eastern Europe, the former Soviet Union, the Middle East, and several important markets in Asia and South America.

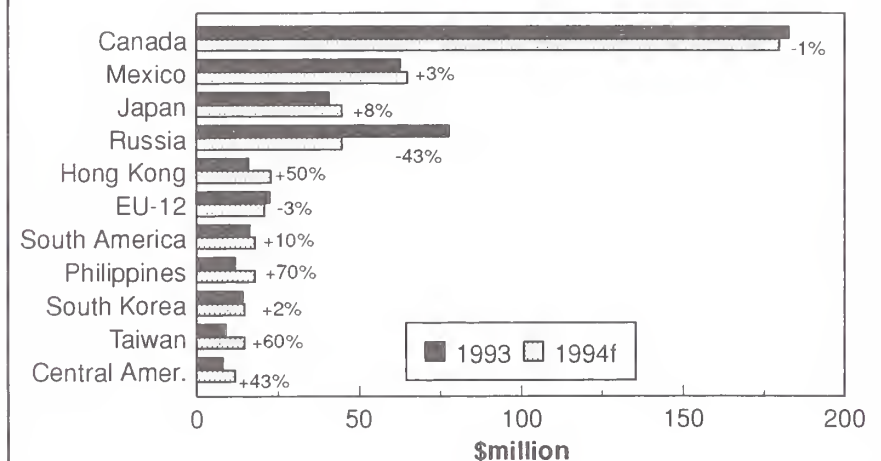
Rising competitiveness of U.S. candies is attributed partially to improved productivity in U.S. candy manufacturing during the late 1980s and 1990s. Recession and slumping domestic candy demand during the period resulted in greater pressure on U.S. candy manufacturers to hold the line on price and focus on building volume. As a result, U.S. candies have become comparative bargains against competing European candies in many important markets, despite a general weakening in European currencies against the dollar. For instance, in Hong Kong last year, the average import price for U.S. candy was \$2.50 per pound compared to \$3.30 for EU candies. In 1988, prices were roughly equivalent.

Canada is Top Export Market

Canada is the largest U.S. candy export market by far, with sales of \$180 million expected in 1994. While this is down slightly from 1993, due mainly to a weak Canadian dollar, many exporters expect record sales to return in 1995. With 85 percent of the Canadian population living within 100 miles of the U.S. border, hot candies in the U.S. will continue to carry over into Canada. An improving economy is also expected to help sales next year.

In 1994, while sales to Canada overall are flat, there are a number of strong performers within the category, led by double-digit gains in multi-pack chocolate bars and smaller junior bars. Candies aimed at adults are also doing much better than average. Cadbury's of Canada reports much better than expected early returns from its just released Crispy Crunch Light, which is

Canada is Top U.S. Candy Export Market
Most growth in smaller emerging markets



...Candy

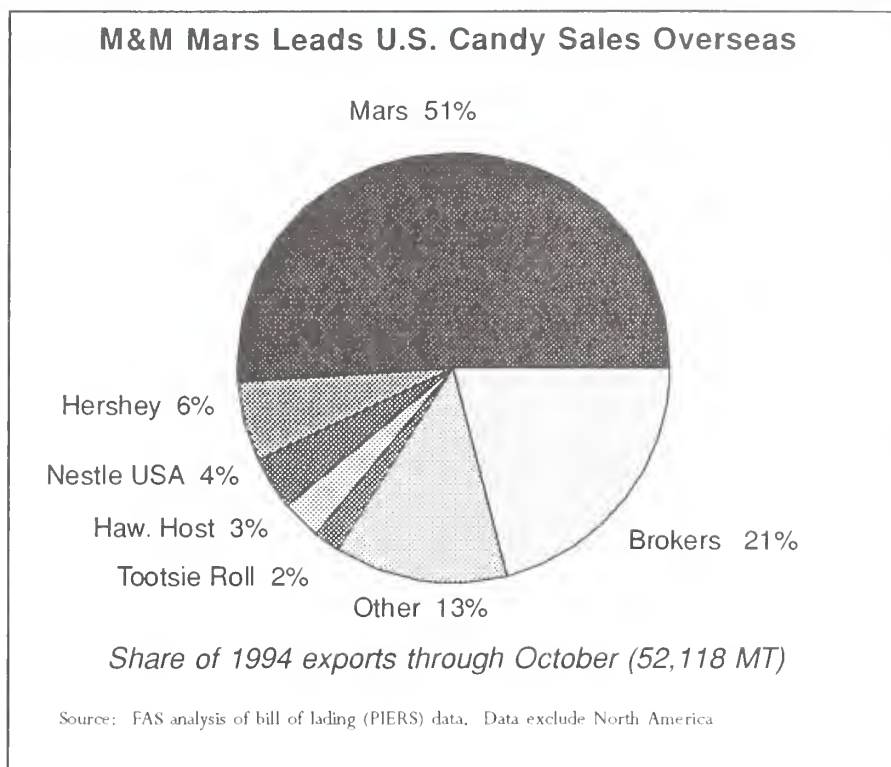
positioned as a healthy reduced calorie bar. Also appealing to adults is the Wurthe's Originals line of toffee candies from Germany. As the Canadian population continues to age, many Canadian distributors feel adult-oriented candies will become more important through the 1990s.

Sales to Canada are expected to benefit from continued tariff reduction under the North American Free Trade Agreement. Canadian candy import tariffs are currently near 10 percent; by 1999 the market will be duty-free.

Sales to Mexico on the Rebound

The rapid growth in U.S. candy exports to Mexico since the late 1980s took a breather last year due to recession, with sales falling 8 percent to \$62 million. The slowdown is expected to be temporary, however, as more Mexicans enter the middle class accompanied by a strong taste for imported branded goods. In fact, U.S. exporters report the market is already on track for a strong rebound as sales in the third quarter of 1994 were up 11 percent from the same period in 1993.

Candy import restrictions in Mexico were lifted in 1988 and imports have quickly grown as a share of total consumption. In 1993, candy imports accounted for one-fourth of total Mexican candy consumption, up from 12 percent in 1990. Even in last year's recession, sales of Mexican produced candy fell more than imports from the United States (declining 18 percent vs. 8 percent), despite costing much less at retail. One advantage for U.S. candies is a strong quality image compared to domestic candies among many Mexican consumers. Affordability is a key limitation but this is changing as the middle class continues to expand. There are now more than 13 million Mexican consumers with incomes exceeding \$18,000 per year.



Trade sources in Mexico report a growing presence of European candies. Spanish, Italian, and French companies are actively promoting candy in the market. In 1993, Europe accounted for 10 percent of Mexican candy imports, up from less than 2 percent in 1990. Boiled sweets and chocolate bars account for most of the European imports.

Along with the expanding middle class and strong taste for U.S. branded goods, sales to Mexico will also benefit from trade liberalization under NAFTA. The 20-percent tariff on all candy imports will be reduced 2 percent per year for the next decade beginning January 1, 1995.

Good Niche Opportunities in Japan

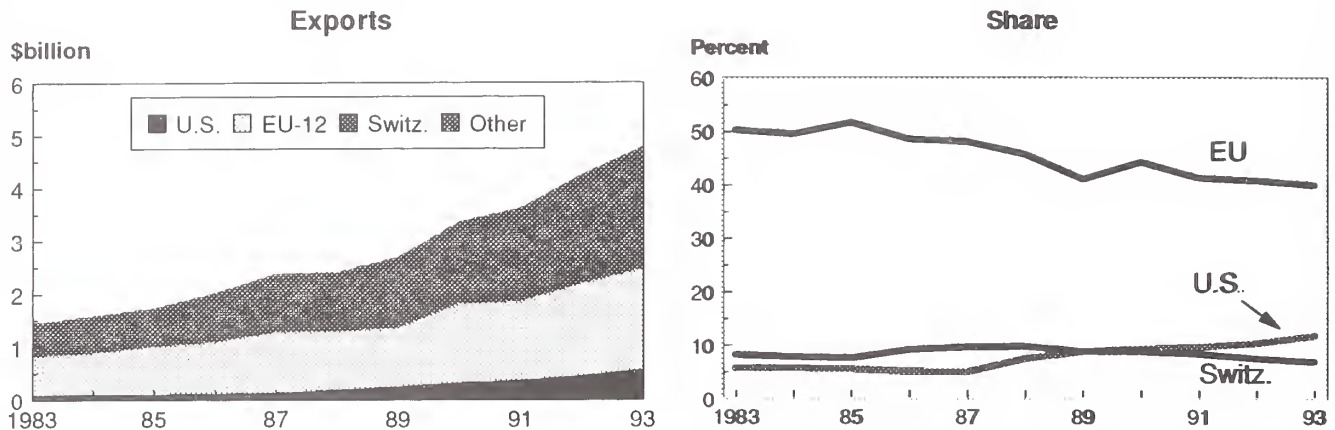
Fueled by a lower dollar, U.S. candy shipments to Japan are expected to reach \$45 million in 1994, up 15 percent from 1993. While M&M Mars

is the largest U.S. candy exporter to Japan, accounting for almost 40 percent of total volume, a growing number of companies are enjoying rising sales to the market.

Particularly successful this year are U.S. exporters of niche products that are clearly differentiated from competing candies, such as Hawaiian chocolate covered macadamia nuts. These candies are expected to account for almost 30 percent of total U.S. candy volume shipments to Japan in 1994, up from 12 percent in 1993 and 9 percent in 1992.

Hawaiian Host, the largest U.S. chocolate covered macadamia nut exporter, reports the market was initially built by promoting to Japanese tourists on Hawaii. After initially selling through duty-free stores, the firm aggressively worked to expand product placement, with the candies now available in Japanese department stores and supermarkets.

EU Leads World Candy Trade While U.S. Gains Share



Note: Data exclude trade within the EU

Booming Japanese demand for health-related candies is promoting sales of sugar-free candies and products with a health-enhancing image. Estee's sugar-free candy line is particularly popular this year, accounting for almost 10 percent of total U.S. sales to Japan, up from less than one percent in 1993.

Hong Kong: Record Sales Fueled by Re-Exports to China

Hong Kong is currently the fastest growing candy market in Asia, with U.S. exports projected to reach \$24 million in 1994, more than doubling 1992 sales. Re-exports to China account for much of this growth. Hong Kong import statistics reveal almost 40 percent of Hong Kong's candy imports were re-exported to China in 1993, up from 15 percent in 1988. The FAS Agricultural Trade Officer in Guangzhou reports the re-export share is probably higher due to widespread smuggling and under-invoicing.

Most re-exports are shipped to neighboring Guangdong Province, China's most prosperous region, with per capita incomes approaching \$5,000 last year. According to Gallup research, annual household candy consumption in Guangdong is 3-4 times higher than consumption in Shanghai and Beijing. With new, modern markets opening almost monthly in Guangdong, the floorspace devoted to imported candies continues to grow. M&M Mars are the most popular U.S. candies in China by far, with candies made by Tootsie Roll, Andes, Almond Roca, and Brachs also getting noticed in the market.

Hong Kong is a sophisticated high-income market where imports from Europe and the U.S. continue to rise as sales of traditional Chinese candy flattens. Imported Western sweets sell mostly in the new modern supermarkets and updated convenience stores; traditional candies dominate the older corner grocers. While U.S. imports have grown rapidly they still trail

European candies in the market. European candy manufacturers, led by Ferrero's, account for almost 60 percent of chocolate candy imports, down from 70 percent in 1990.

Hong Kong is one of the most seasonal U.S. candy export markets, with half of sales typically occurring in the last calendar year quarter. These shipments reach the shelves in time for both the calendar lunar new year festivities, which are important gift candy holidays.

The growing popularity of discount retailing in Hong Kong is also boosting sales. U.S. candy sales to the new 7-outlet warehouse club chain called GrandMart, will total more than 20 percent of U.S. candy exports to Hong Kong, up from almost nothing just two years ago. GrandMart, styled after U.S. warehouse clubs, features larger retail packs and lower prices per unit. GrandMart reports traffic from Guangdong wholesalers and shopkeepers is on the rise and has

...Candy

become an important share of GrandMart's sales.

Fast-Rising Sales to the ASEAN Led by the Philippines

U.S. candy sales to the ASEAN are expected to reach \$23 million in 1994, up 50 percent from 1993, with the Philippines accounting for three-fourths of the total. In addition to the Philippines, other markets with strong growth potential include Malaysia, Thailand, and Indonesia. While chocolate bars dominate sales, U.S. exporters report growing exports of a wide range of products, including high-end and niche items, such as after-dinner mints and gift candies. Hershey's chocolate candies are particularly popular in the Philippines.

Fueled by one of the most robust economies in the world and a youthful population (almost half the population in the ASEAN is under 15), demand for imported candy in the ASEAN is expected to continue rising rapidly. A growing interest in American culture and food should help U.S. candy continue to gain against European

products, which currently lead the ASEAN candy import market with a 35-percent share. Top European products include chocolate bars and gummi bears.

Snickers Craze Boosts Sales to Russia

U.S. candy exports to Russia grew from \$3 million to almost \$80 million in 1993. Boosted by extensive advertising, Snickers and other M&M Mars candies accounted for nearly all these sales. The EU is the predominant candy supplier to the market, with exports totalling \$320 million in 1993.

U.S. candy is viewed by most Russians as an affordable luxury, with imports enjoying a significant quality image in the market. While U.S. candy exports in 1994 are expected to decline by more than one-third due to high inventories accumulated early in the year, double-digit growth may return soon as several important U.S. candy manufacturers exported to the market for the first time this year. These candies should benefit from continued pent-up Russian demand for higher quality snacks and foods.

Latin America Looks North for New Sweets

Mexico is not the only important market for U.S. candy in Latin America. In fact, the fastest-rising markets for both chocolate and sugar candies in the hemisphere are further South. Sales to Central and South America are expected to rise more than 20 percent this year to \$30 million. Export brokers, which account for almost half the trade to Latin America, report brisk sales of hard candies such as lollipops and a variety of chocolate bars. Record exports of more than \$3 million are expected to Colombia, Ecuador, Guatemala, Panama, and Costa Rica. This growth is occurring despite competitive domestic candy production in the region--primarily from Brazil. Chocolate candy production alone topped 200,000 metric tons in Brazil last year, much of which was exported to other Latin American markets.

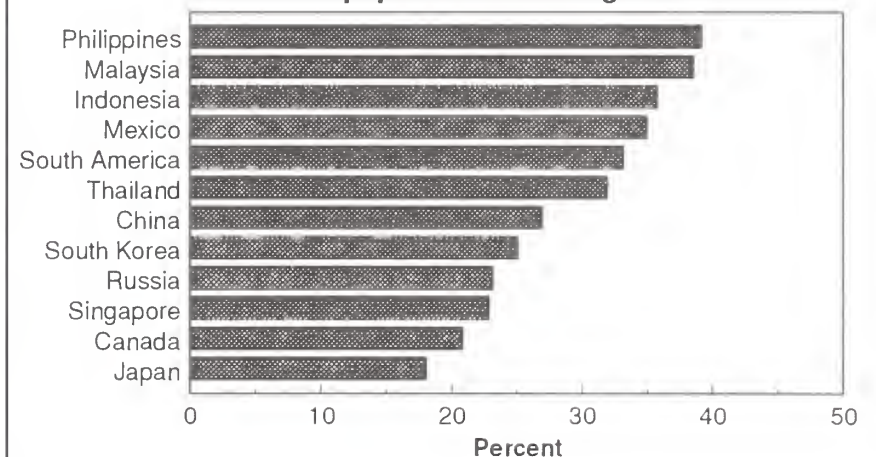
South America is also one of the fastest growing markets for the Europeans, with 1993 exports from Europe topping \$30 million, up from less than \$5 million in 1990. Lindt and Cadbury are the most popular brands, with filled chocolate bars leading the category.

While world demand for U.S. candy has grown rapidly, the biggest gains may be ahead as tens of millions of families in developing countries are expected to be added to the middle class in the next decade. With rising disposable incomes, the demand for treats will continue to grow. American manufacturers will benefit from competitive pricing, consistent quality, and a growing global interest in U.S. pop culture.

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Many Emerging Candy Markets Feature Youthful Populations

Share of population under age 15



Trade Policy and Market Updates

Argentina to Permit Imports of U.S. Apples

Argentina's plant quarantine agency has agreed to USDA-proposed phytosanitary import requirements that will allow for the entry of U.S. apples. This action is expected to open a promising new outlet for U.S. apples, particularly given the counter-seasonal nature of the two countries' domestic production. Discussions and information exchanges over the past several weeks had focused on several pests and diseases of key concern to Argentina. Argentina's plant quarantine agency has reportedly agreed to accept visual inspection and free-of certification in the case of two pests (*Cydia packardii*--cherry fruit worm and *Cydia prunivora*--lesser appleworm), while a chlorine dip will be required to address Argentine concerns with the disease *Erwinia amylovora* (fire blight). With a population of 35 million and a relatively strong and growing economy, Argentina is considered to have promising potential as a growth market for U.S. horticultural products. Through the first nine months of 1994, U.S. exports of horticultural products to Argentina totaled approximately \$20 million, up nearly 30 percent from a year earlier levels.

Export Outlook Bright as Thailand Agrees to Open Market to U.S. Citrus

Thailand's Minister of Agriculture approved two phytosanitary protocols that will provide for the entry of U.S. citrus originating from California and Florida, according to the Agricultural Counselor in Bangkok. Secretary of State Warren Christopher cited the market opening during his visit to Thailand the week of November 14 stating that the agreements "will give Thai consumers access for the first time to U.S. citrus products." Efforts are underway now to complete the remaining steps needed to implement the agreements. It is expected this process will be completed in the very near future, with initial trial shipments expected to follow shortly thereafter. Industry sources view Thailand as a promising market for U.S. citrus, with near term sales prospects in the range of \$15 million annually. In addition, Thailand's Uruguay Round commitments on citrus will result in significant tariff reductions (a 50-percent cut, in the case of oranges), a development that will further enhance marketing opportunities in this rapidly expanding, consumer market of 59 million people.

FAS and APHIS have been working jointly, in cooperation with California and Florida industry representatives, for over three years to reach this agreement with Thailand's government that will permit the entry of U.S. citrus under scientifically sound and commercially viable terms. As part of the process, an FAS/industry-sponsored team of key Thai quarantine officials visited Hawaii, California, Florida, and Washington, DC in February 1993. This visit provided the foundation for the subsequent development of the specific protocols.

Wood Products Talks Held Under U.S.-Japan Wood Products Agreement

The Building Experts Committee (BEC) and the JAS Technical Committee met November 9 and 10, respectively, in Tokyo. These two committees were set up to oversee the implementation of the 1990 U.S.-Japan Wood Products Agreement. This marked the fifth time these two committees have met since 1990, and their first meeting since USTR announced last October that Japan's market access for wood products may in the future warrant identification as a priority foreign country practice under 301. Japanese officials called the U.S. action regrettable and unwarranted; the U.S. response was that the objectives of the agreement (i.e. increased wood utilization and increased imports of value-added wood products) were not being achieved. U.S. negotiators were able to make some progress on several outstanding issues during the course of the meetings. U.S. wood products exports to Japan for the first nine months of 1994 totaled \$2.3 billion, down 5 percent from the same period last year. Value-added wood products exports as a percent of total exports remained unchanged at about 30 percent.

...Trade Policy and Market Updates

Mexico Undertakes Anti-Dumping Investigation of Danish Pork

Last November 22, Mexico undertook an anti-dumping investigation of Danish pork at the behest of domestic pork producers. The period of investigation is from August 1993 to July 1994, when Danes shipping to Mexico reportedly benefitted from export subsidies. This is the third anti-dumping investigation against meat imports in a year and reflects the Mexican pork industry's desire to restrict pork imports in general. Although differing in circumstance, U.S. pork imports were recently absolved from a Mexican anti-dumping investigation. From January to September 1994, U.S. swine and pork exports to Mexico were nearly 46,000 head and 34,000 tons (together, approximately \$72 million), up about 60 percent and 85 percent from the same period in 1993, respectively.

Korea Agrees to Allow the Import of U.S. Pine Lumber

After lengthy negotiations, the United States and Korea have agreed upon a protocol under which Korea will allow the import U.S. kiln-dried pine lumber. Korea has banned the import of pine lumber from the United States, Germany and Japan since 1986, and more recently from China and Canada, because of plant health concerns. The new regulations exempting U.S. kiln-dried lumber, accompanied by a phytosanitary certificate, were issued on last November, and were scheduled to take effect in December. South Korea imported 188,000 MT of softwood lumber, worth well over \$75 million, in 1993; much of it was pine lumber from New Zealand and Chile. U.S. industry is expected to capture a portion of the pine lumber trade.

Chilean Millers Complain About Argentina's Cheap Flour Sales

Representatives of Chile's flour milling industry have presented a petition to the Chilean Commission on Price Distortions that alleges dumping of wheat flour by Argentina. It is estimated that about 5,000 tons of this low-priced Argentine flour has entered Chile to date, and according to trade sources is forcing prices lower. Although the volume of imports so far has not been great, flour industry representatives claim that the shipments were sold at excessively low prices to bakers in Santiago, displacing more expensive domestically-produced flour.

India Extends Prune and Raisin Import Access to Consumer Packs

Prunes and raisins may now be imported in consumer packs, according to an Indian Customs Officers' communication to the Agricultural Counselor's Office in New Delhi. This development represents yet another small step toward opening the vast Indian market to U.S. consumer products, which were until now limited to almonds and pistachios. These two products gained entry in consumer-ready packages earlier this year. While India subjects all consumer product imports to licensing requirements, it has traditionally excepted bulk shipments of dried fruit and tree nuts. These products include almonds, dried apricots, raisins, dates and pistachios. Last summer's opening to consumer packs of almonds and pistachios prompted FAS/New Delhi to inquire and receive the favorable indication about raisin and prune consumer packs.

Indian consumers these days are not fully familiar with prunes, but some importers believe prune imports in consumer packs will be significant, despite the current 55 percent import duty. Prunes were widely consumed before Indian independence. Recent reductions in Indian import tariffs point toward a potential further reduction to 40 or 45 percent in February 1995, when the new fiscal year duties are announced. Also, prunes packed in smaller retail packs may reach the consumer in better condition than bulk pack, due to India's hot climate and imperfect food distribution system. U.S. exports of raisins to India face strong competition from Middle Eastern suppliers. Other limiting factors are growing domestic production and a high duty of 50 rupees (\$1.60) per kilogram. However, smaller consumer snack pack imports could still be attractive. The United States exported no prunes or raisins to India during FY 1994.

...Trade Policy and Market Updates

Brazil Lowers Corn Import Duty

Recently, Brazil announced a temporary reduction in the import duty for corn from non-MERCOSUR origins from 8 to zero percent for the period from December 1, 1994, through March 31, 1995. The Brazilian Government has, over the past several months, lowered the import duties on several staple agricultural products in an effort to control domestic price inflation. Corn imports will still be subject to the Brazilian Marine Maritime tax of 25 percent of freight cost from non-MERCOSUR origins. Already Brazil has purchased over 300,000 tons of U.S. corn for 1994/95, up from only 32,000 tons for all of 1993/94, with additional purchases expected. This lower tariff combined with lower domestic production prospects for the coming year make it likely that total corn imports for 1994/95 will be greater than the current official estimate of 1.0 million tons.

Poultry and Egg Export Demand Strains Transport System

Shortage of Reefer containers and over-loads in inspections may be causing bottlenecks in shipping EEP poultry and egg awarded sales. The confluence of the Ramadan and Christmas holidays, plus the increasing trade in poultry leg quarters to the FSU, have reportedly created a bottleneck, especially for smaller exporters, in getting refrigerated containers in timely enough fashion to meet contract delivery periods. There also are reports that excess demand for inspection of poultry and eggs by USDA inspectors is causing delays in meeting contract shipping periods. The reports indicate that the situation will continue for the next 2 months.

U.S. Exports of Agricultural, Fish & Wood Products to All Countries

Calendar Years 1989 to 1994 and Year-to-Date Comparisons

(Thousands of Dollars)

Product	Calendar Years					January - October		% Chg
	1989	1990	1991	1992	1993	1993	1994	
Bulk Agricultural Total	22,813,257	20,232,083	18,348,386	19,687,248	18,593,458	15,026,236	14,563,263	-3.1
Wheat	5,886,505	3,839,037	3,292,138	4,449,324	4,664,582	3,844,517	3,217,308	-16.3
Coarse Grains	7,738,137	7,036,717	5,722,597	5,736,599	5,000,598	4,045,379	3,572,220	-11.7
Rice	971,123	801,527	753,557	726,072	771,312	640,553	799,677	24.8
Soybeans	3,942,468	3,549,508	3,956,443	4,380,402	4,598,746	3,596,568	3,255,401	-9.5
Cotton	2,268,501	2,798,495	2,491,999	2,010,338	1,540,678	1,257,787	2,040,856	62.3
Tobacco	1,301,173	1,441,116	1,427,631	1,650,559 *	1,306,067	1,069,418	1,028,064	-3.9
Pulses	298,404	353,111	268,414	191,656	213,254	166,335	223,545	34.4
Peanuts	192,670	203,373	180,304	240,308	204,576	164,195	136,960	-16.6
Other Bulk Commodities	214,275	209,199	255,304	301,989	293,645	241,485	289,232	19.8
Intermediate Agricultural Total	8,645,875	8,573,907	8,789,224	9,231,134 *	8,973,466	7,265,525	7,729,627	6.4
Wheat Flour	257,937	182,956	184,256	184,317	205,729	182,166	174,466	-4.2
Soybean Meal	1,212,295	1,005,103	1,155,307	1,294,722	1,132,041	901,019	761,799	-15.5
Soybean Oil	358,723	312,930	222,126	376,202	363,897	286,438	348,443	21.6
Other Vegetable Oils	423,994	394,790	418,144	502,732	543,897 *	431,632	509,432	18.0
Feeds & Fodders (excl. pet foods)	1,596,995	1,572,369	1,605,732	1,722,327	1,744,163 *	1,443,053	1,427,001	-1.1
Live Animals	490,501	513,783	686,563 *	607,891	518,927	357,682	445,248	24.5
Hides & Skins	1,696,164	1,729,731	1,357,570	1,326,054	1,268,658	1,065,217	1,249,437	17.3
Animal Fats	510,153	428,729	426,824	515,214	501,702	409,674	448,141	9.4
Planting Seeds	510,214	588,723	671,655	675,011 *	619,359	479,041	493,745	3.1
Sugars, Sweeteners & Bever. Bases	409,198	572,052	634,101	573,921	567,807	464,040	543,396	17.1
Other Intermediate Products	1,179,702	1,272,743	1,426,946	1,452,744	1,507,288 *	1,245,563	1,328,518	6.7
Consumer - Oriented Agricultural Total	8,379,789	10,465,615	11,967,920	13,895,994	14,911,316 *	12,217,572	13,711,867	12.2
Snack Foods (excluding nuts)	364,429	530,125	633,040	829,679	1,024,643 *	808,853	893,382	10.5
Breakfast Cereals & Pancake Mix	91,881	157,882	216,802	219,762	252,993 *	212,340	243,264	14.6
Red Meats, Chilled/Frozen	2,213,602	2,394,495	2,660,267	3,112,361 *	3,055,222	2,545,544	2,751,814	8.1
Red Meats, Prepared/Preserved	100,638	135,998	165,101	181,562	220,038 *	169,932	198,312	16.7
Poultry Meat	509,426	672,888	817,913	928,464	1,100,613	870,646	1,236,122 *	42.0
Dairy Products	430,741	328,053	462,956	793,754	857,487 *	691,143	612,669	-11.4
Eggs & Products	90,685	101,979	143,367	139,234	139,438	114,467	135,395	18.3
Fresh Fruit	1,134,657	1,486,489	1,561,053	1,683,344	1,707,147 *	1,426,289	1,646,063	15.4
Fresh Vegetables	356,015	728,648	832,935	899,624	985,953 *	831,146	834,190	0.4
Processed Fruit & Vegetables	1,003,616	1,246,753	1,394,490	1,558,121	1,639,583 *	1,351,311	1,399,618	3.6
Fruit & Vegetable Juices	291,248	375,497	385,414	461,017	469,517 *	402,897	457,012	13.4
Tree Nuts	683,332	801,120	867,704	928,531	998,246 *	759,768	882,577	16.2
Wine and Beer	206,095	266,202	315,756	369,181	379,301	326,352	445,831 *	36.6
Nursery Products & Cut Flowers	104,887	186,741	201,442	201,321	209,397 *	178,955	163,096	-8.9
Pet Foods, Dog/Cat	175,539	244,038	329,772	399,630	497,621 *	403,277	469,283	16.4
Other Consumer - Oriented Products	622,997	808,706	979,907	1,190,410	1,374,116 *	1,124,651	1,343,239	19.4
Wood Products Total	6,013,514	6,481,227	6,429,179	6,741,685	7,281,313 *	6,140,889	5,818,566	-5.2
Logs	2,368,026	2,388,921	2,074,432	2,140,010	2,489,560 *	2,140,168	1,859,603	-13.1
Lumber	2,040,251	2,127,895	2,203,353	2,322,491	2,449,643 *	2,072,716	2,042,282	-1.5
Plywood & Panel Products	642,703	769,983	735,227	847,867	906,397 *	738,699	765,563	3.6
Other Wood Products	962,534	1,194,428	1,416,167	1,431,317	1,435,714 *	1,189,306	1,151,118	-3.2
Fish & Seafood Products Total (Edible)	2,283,151	2,776,759	3,035,383	3,353,935 *	2,959,086	2,616,817	2,624,249	0.3
Salmon, Whole/Viscerated	729,294	666,582	436,975	681,663	583,060	565,812	498,095	-12.0
Salmon, Canned	89,744	104,276	133,644	154,401	160,416 *	132,816	119,313	-10.2
Crab & Crabmeat	253,674	363,251	431,411	448,050 *	417,660	327,769	300,200	-8.4
Surimi (fish paste)	N/A	N/A	N/A	367,627 *	274,322	260,798	288,875	10.8
Roe & Urchin	263,246	289,458	389,031	421,396 *	415,319	362,756	354,069	-2.4
Other Edible Fish & Seafood Products	947,192	1,353,193	1,644,322 *	1,280,798	1,108,309	966,866	1,063,698	10.0
Agricultural Product Total	39,838,921	39,271,605	39,105,530	42,814,376	42,478,240	34,509,333	36,004,757	4.3
Agricultural, Fish & Wood Product Total	48,135,586	48,529,591	48,570,092	52,909,996 *	52,718,639	43,267,039	44,447,572	2.7

Note: (*) Highest export level since at least 1970.

N/A = not available.

Source: Trade & Marketing Analysis Branch, TEAD/ITP/FAS

U.S. Agricultural, Fish & Wood Product Exports

Monthly and Annual Performance Indicators

Export Values	October			Fiscal Year		
	1993	1994		1994	1995(f)	
	—\$Billion—		Chg	—\$Billion—		Chg
Grains and Feeds 1/	1.233	1.275	3%	13.413	13.6	1%
Wheat & Flour	0.368	0.376	2%	4.228	4.6	9%
Rice	0.078	0.117	51%	0.891	0.8	-10%
Coarse Grains 2/	0.458	0.417	-9%	4.569	4.9	7%
Corn	0.407	0.354	-13%	3.817	4.2	10%
Feeds & Fodders	0.201	0.215	7%	2.277	2.0	-12%
Oilseeds and Products	0.758	0.869	15%	6.975	7.2	3%
Soybeans	0.487	0.584	20%	4.161	4.4	6%
Soybean Cakes & Meals	0.099	0.079	-21%	1.013	0.9	-11%
Soybean Oil	0.050	0.043	-14%	0.433	0.5	16%
Other Vegetable Oils	0.050	0.064	27%	0.608	NA	NA
Livestock Products	0.503	0.639	27%	6.320	6.5	3%
Red Meats	0.250	0.319	28%	3.206	3.4	6%
Hides, Skins & Furs	0.098	0.128	31%	1.423	1.5	5%
Poultry Products	0.137	0.188	37%	1.720	1.8	5%
Poultry Meat	0.110	0.156	41%	1.383	NA	NA
Dairy Products	0.071	0.061	-14%	0.832	0.8	-4%
Unmanufactured Tobacco	0.084	0.089	5%	1.260	1.3	3%
Cotton and Linters	0.102	0.119	17%	2.306	2.5	8%
Planting Seeds	0.042	0.060	45%	0.619	0.6	-3%
Horticultural Products	0.753	0.873	16%	8.098	8.6	6%
Sugar & Tropical Products	0.179	0.190	6%	1.928	2.1	9%
Wood Products 4/	0.573	0.586	2%	6.946	NA	NA
Fish and Seafood Products 4/	0.230	0.284	24%	2.912	NA	NA
Total Agriculture	3.862	4.362	13%	43.474	45.0	4%
Total Ag., Fish & Wood	4.664	5.231	12%	53.333	NA	NA

Export Volumes	--MMT--			--MMT--		
			Chg			Chg
Grains and Feeds 1/	8.681	8.758	1%	88.581	NA	NA
Wheat	2.736	2.761	1%	31.132	32.0	3%
Wheat Flour	0.074	0.061	-17%	1.037	1.0	-4%
Rice	0.295	0.429	46%	2.438	2.7	11%
Coarse Grains 2/	4.340	4.164	-4%	39.845	48.4	21%
Corn	3.844	3.541	-8%	33.057	41.5	26%
Feeds & Fodders	1.029	1.113	8%	11.797	12.2	3%
Oilseeds and Products	2.800	3.509	25%	24.154	29.9	24%
Soybeans	2.003	2.719	36%	16.364	21.0	28%
Soybean Cakes & Meals	0.488	0.429	-12%	4.859	5.4	11%
Soybean Oil	0.086	0.070	-19%	0.694	0.8	15%
Other Vegetable Oils	0.078	0.091	17%	0.849	NA	NA
Livestock Products 3/	0.255	0.284	12%	2.957	NA	NA
Red Meats	0.076	0.102	34%	1.025	1.1	7%
Poultry Products 3/	0.115	0.164	43%	1.405	NA	NA
Poultry Meat	0.112	0.160	43%	1.364	1.5	10%
Dairy Products 3/	0.044	0.046	2%	0.467	NA	NA
Unmanufactured Tobacco	0.016	0.012	-25%	0.196	NA	NA
Cotton & Linters	0.079	0.080	2%	1.639	1.6	-2%
Planting Seeds	0.017	0.043	148%	0.498	NA	NA
Horticultural Products 3/	0.663	0.755	14%	6.826	7.4	8%
Sugar & Tropical Products 3/	0.107	0.094	-12%	0.910	NA	NA
Total Agriculture 3/	12.777	13.744	8%	127.414	144.1	13%

Notes: 1/ Includes pulses, corn gluten feed and meal; 2/ includes corn, oats, barley, rye and sorghum;
3/ includes only items measured in tons; 4/ items not included in agricultural product totals.
FY 1995 forecasts (f) are based on USDA's "Outlook for Agricultural Exports," published 11/29/94.

U.S. Agricultural Export Value by Region
Monthly and Annual Performance Indicators

	October			Fiscal Year		
	1993	1994	Change	1994	1995(f)	Change
	-\$Billion-			-\$Billion-		
Western Europe	0.768	0.889	16%	7.013	7.3	4%
European Union 1/	0.718	0.823	15%	6.497	6.8	5%
Other Western Europe	0.050	0.065	31%	0.516	0.5	-3%
Central & Eastern Europe	0.041	0.033	-19%	0.311	0.4	29%
Former Soviet Union	0.246	0.105	-57%	1.474	1.5	2%
Asia	1.371	1.596	16%	17.671	18.4	4%
Japan	0.785	0.811	3%	9.193	9.2	0%
China	0.023	0.055	140%	0.877	1.1	25%
Other East Asia	0.384	0.511	33%	5.261	5.6	6%
Taiwan	0.156	0.173	10%	2.103	2.2	5%
South Korea	0.135	0.216	60%	2.055	2.2	7%
Hong Kong	0.091	0.121	34%	1.101	1.2	9%
Other Asia	0.179	0.220	23%	2.340	2.5	7%
Pakistan	0.017	0.023	37%	0.212	0.2	-6%
Philippines	0.049	0.043	-12%	0.554	0.6	8%
Middle East	0.223	0.158	-29%	1.650	1.7	3%
Israel	0.049	0.034	-31%	0.346	0.4	16%
Saudi Arabia	0.062	0.036	-41%	0.470	0.5	6%
Africa	0.166	0.256	54%	2.159	2.2	2%
North Africa	0.074	0.172	134%	1.438	1.5	4%
Egypt	0.035	0.105	204%	0.598	0.8	34%
Algeria	0.018	0.039	115%	0.592	0.6	1%
Sub-Saharan Africa	0.093	0.084	-10%	0.721	0.7	-3%
Latin America	0.524	0.737	41%	7.228	7.6	5%
Mexico	0.225	0.372	65%	4.126	4.4	7%
Other Latin America	0.299	0.365	22%	3.103	3.2	3%
Brazil	0.027	0.082	198%	0.227	0.4	76%
Venezuela	0.038	0.025	-35%	0.401	0.4	0%
Canada	0.434	0.471	9%	5.248	5.4	3%
Oceania	0.046	0.051	12%	0.497	0.5	1%
World Total	3.862	4.362	13%	43.474	45.0	4%

Note: 1/ Formerly known as the European Community (EC-12).

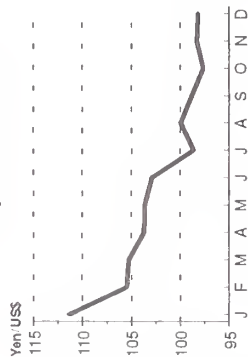
FY 1995 forecasts (f) are based on USDA's "Outlook for U.S. Agricultural Exports," published 11/29/94

Exchange Rate Movements Of Major World Currencies Vis-a-Vis U.S. Dollar -- Daily Spot Quotations & Monthly Averages

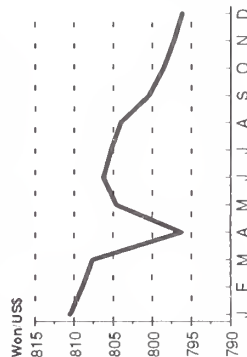
Currencies	Current Rate 12/14/94	Month Ago 11/14/94	Year Ago 11/93	% Change Year Ago 11/93
Japanese Yen				
South Korean Won				
Canadian Dollar				
Mexican Peso				
Hong Kong Dollar				
European ECU				
British Pound				
French Franc				
German Mark				
Argentine Peso	.100	.99	.99	1.01
Australian Dollar	1.1889	1.3316	1.4843	-13.16
Brazilian Cruzeiro real	.84	.83	.83	1.20
Canadian Dollar	1.3859	1.3583	1.3388	3.52
Hong Kong Dollar	7.7401	7.7290	7.7245	0.20
Japanese Yen	100.34	98.30	109.39	-8.27
Mexican Peso	3.4515	3.4465	3.1130	10.87
Taiwan Dollar	26.40	26.20	26.56	-0.60
South Korean Won	792.95	797.20	809.90	-2.09
European ECU	.82393	.85091	.88786	-7.20
British Pound	.6404	.6303	.6721	-4.72
French Franc	5.4105	5.3115	5.8616	-7.70
German Mark	1.5695	1.5448	1.7149	-8.48

NOTE: Exchange rates are daily spot quotes as of 3:00 PM Eastern Time, December 14, 1994.
Source: TEAD/ITP/FAS Exchange Rate Database and Wall Street Journal.

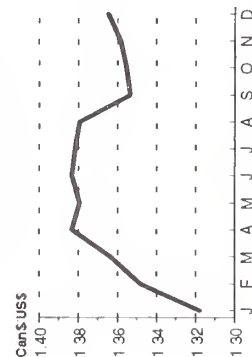
Japanese Yen



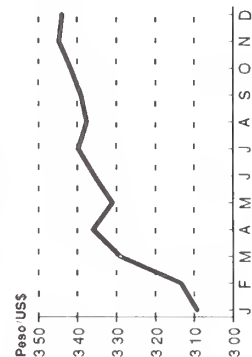
South Korean Won



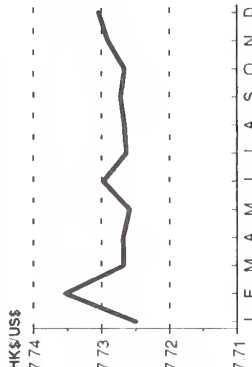
Canadian Dollar



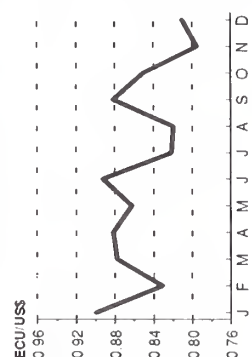
Mexican Peso



Hong Kong Dollar



European ECU



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